

## **5. The President's 1997 Budget**

As we have said, the President released his 1997 budget in two steps this year. On February 5, he released a brief document that outlined his priorities. Then in March, he released the budget books with the details that traditionally comprise the annual budget proposal.

The President's 1997 budget would reach balance over the next seven years by cutting unnecessary and lower priority spending.

The budget would strengthen Medicare and Medicaid; invest in education and training, the environment, science and technology, and other priorities; reform welfare; maintain a strong defense; and provide tax relief to help families raise their children, send them to college, and save for the future.

Like his earlier budgets, this budget contributes to two of the President's key goals—strengthening the economy and making Government work.

### **Reaching Balance**

The President's budget saves \$593 billion<sup>1</sup> over seven years (after subtracting the costs of his proposed tax cut). Among its major elements, the budget:

- saves \$297 billion in discretionary spending, cutting unnecessary and lower priority spending but investing in education and training, the environment, science and technology, law enforcement, and other priorities that will raise living standards and improve the quality of American life;
- saves \$124 billion in Medicare, strengthening and improving the program and guaranteeing the solvency of its trust fund for over a decade;
- saves \$59 billion in Medicaid, reforming the program but continuing the guarantee of meaningful health and long-term care coverage for the most vulnerable Americans;

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<sup>1</sup> Using the last available assumptions of the Congressional Budget Office.

- saves \$40 billion through real welfare reform, moving recipients to work while protecting children;
- saves \$49 billion by reforming a host of other mandatory programs;
- saves \$62 billion by ending corporate subsidies and other tax loopholes; and
- cuts taxes by \$100 billion, providing tax relief to tens of millions of middle-income Americans and to small businesses.

## **Maintaining Our Values**

From the start, the President's economic program has emphasized one primary concern—to raise the standard of living for average Americans now and in the future. His budget policy has played a central role.

The President's budget plan of 1993, which he enacted with the last Congress, has cut the budget deficit nearly in half in three years—from \$290 billion in 1992 to \$164 billion in 1995. That, in turn, has cut Federal borrowing, making more funds available in the private markets so businesses can invest, grow more productive, expand, and create jobs.

Working with Congress, the President also has shifted Federal resources to education and training, science and technology, and other priorities, not only to make businesses more competitive but to give Americans the skills they need to compete in the new economy.

This budget maintains or expands his investments in these key areas.

In education and training, these investments include the Head Start program for disadvantaged children; the Safe and Drug-Free Schools and Communities program to create safe learning environments; Goals 2000, which helps States and school systems extend high academic standards, better teaching, and better learning to all students; AmeriCorps, through which 25,000 Americans this year are serving their communities and earning money for college; Pell grant scholarships for needy students; and Skill Grants (or job training vouchers) for dislocated workers and low-income adults.

The budget also protects environmental enforcement through the Environmental Protection Agency's operating program; funds programs to protect national parks and other sensitive resources; and invests in basic and applied research and technology.

The budget funds the Community Oriented Policing Services (COPS) initiative to put 100,000 more police on the street by the year 2000; more

border patrols to prevent illegal immigration and more inspections to prevent the hiring of illegal immigrants; and the Community Development Financial Institutions fund to spur growth and create jobs in communities that have been left behind.

In addition, the budget includes funds to launch the important initiatives that the President outlined in his State of the Union address:

- for education, it funds a Technology Literacy Challenge to connect every classroom to the information superhighway by the year 2000; expanded work-study to help one million students work their way through college by 2000; a \$1,000 merit scholarship for the top five percent of graduates in every high school; and Charter Schools to let parents, teachers, and communities create public schools to meet their own children's needs;
- for workers, it funds initiatives to make it easier for small businesses and farmers to establish their own pension plans; to encourage these and other employees to establish flexible pension plans that workers can take with them when they change jobs; and to help workers who lose their health insurance when they lose their jobs pay for private insurance coverage for up to six months;
- for the environment, it funds tax incentives to encourage companies to clean up "brownfields"—abandoned, contaminated industrial properties in distressed areas; and
- for law enforcement, it provides funds with which the FBI and other law enforcement agencies will launch a war on juvenile crime and gangs that involve juveniles.

## **Making Government Work**

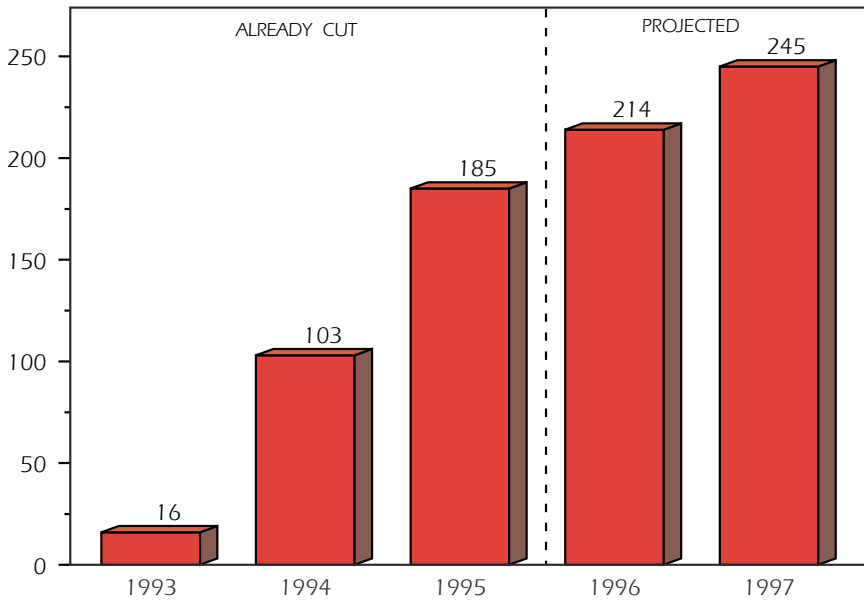
"The era of big Government is over," President Clinton declared in his State of the Union address in late January 1996. "But we cannot go back to the time when our citizens were left to fend for themselves."

The President has worked hard to create a leaner, but not meaner, Federal Government, one that works hand-in-hand with States, localities, businesses, and community and civic associations to manage resources wisely while helping those Americans who cannot help themselves.

In 1993, the President pledged to cut the Federal workforce by 252,000 full-time equivalent (FTE) positions. A year later, the President and Congress enacted the Federal Workforce Restructuring Act, requiring cuts of 272,900

**Chart 5-1. Cuts in Civilian Employment**

FTE CUTS IN THOUSANDS



Note: In 1993, the President pledged to cut the Federal work force by 252,000 full-time equivalent (FTE) positions. Simply put, one full-time employee counts as one FTE, and two employees who work half-time also count as one FTE.

***In the future, the number of Federal workers will decline even further.***

FTEs by the end of this decade. (An FTE is not necessarily synonymous with an employee. One full-time employee counts as one FTE, and two half-time employees also count as one FTE.)

To date, the Administration has cut the workforce by over 200,000 employees out of 2.2 million in January 1993, giving us the smallest Federal workforce in 30 years. This corresponds to a reduction of 185,000 FTEs (see Chart 5-1).

While Americans want a smaller Government, they also deserve one that works better—that treats them as valued customers at Social Security, veterans', and other offices; that uses their tax dollars wisely; and that makes a real impact on their lives when it addresses the problems of crime and poverty and the challenges of work and education.

From the start, the President has stressed the importance of providing better service to Government's customers—the tens of millions of Americans who come in contact with it. His efforts are bearing fruit:

*Social Security Administration's (SSA) Customer Service Hotline:* *Business Week* reported in mid-1995 that an independent survey of some of the Nation's best 1-800 customer services hotlines ranked SSA's hotline on top, ahead of companies like L.L. Bean, Federal Express, and Disney. SSA's reputation for solving problems quickly and courteously earned it the highest overall score.

*Customs Service—Streamlining Inspections:* In Miami, the airlines and Federal agencies formed partnerships to overhaul Customs procedures for international travelers, eliminating three-hour delays and missed connecting flights. Officials from the Customs Service, the Immigration and Naturalization Service, and the Agriculture Department worked with airline officials to reduce waiting times to 45 minutes, on average.

*Veterans Affairs (VA) Department Responding to Customers:* Responding to complaints about long waits to see benefits counselors, the VA promised veterans that it would cut waiting times to 30 minutes or less. Having met that promise, the VA has aimed higher; it now promises veterans no more than a 20-minute wait and is meeting that goal 90 percent of the time.

Americans want a Government that uses common sense when it makes decisions that affect their lives. The Administration is answering their call.